



Condensed Executive Summary
Memphis-Shelby County Airport Authority
2008 Disparity Study Conducted by NERA Economic Consulting

To: House Transportation and Infrastructure Committee
"The Department of Transportation's Disadvantaged Business Enterprise Programs"
From: Sara L. Hall, Vice-President and General Counsel
Memphis-Shelby County Airport Authority
Date: March 26, 2009
Re: Executive Summary of the 2008 Memphis Disparity Study

The Memphis Shelby County Airport Authority ("MSCAA") has a long record of commitment to including minority-owned, women-owned, and disadvantaged business enterprises (M/W/DBEs) in contracting and procurement. In 2004, MSCAA contracted with NERA Economic Consulting, an international firm of economists providing disparity studies to governments and corporations, to prepare a new disparity study for MSCAA ("2008 Memphis Study"). For this study, NERA considered whether discrimination existed for the following federally defined and identified groups: Blacks; Hispanics; Asians, which includes the sub-continent of India; Native Americans; and women.

The 2008 Memphis Study results demonstrate that MSCAA provides significant opportunities for M/W/DBEs in the Memphis area but that the demand for and utilization of M/W/DBEs still shows discrimination in the marketplace, particularly the private sector, where contracting and procurement activities are rarely subject to M/W/DBE requirements. As a result, minorities and women continue to be under-represented and under-utilized in the Memphis study area in MSCAA and non-MSCAA contracting as well as in business ownership and earnings. The 2008 Memphis Study validated the progress that has been made through MSCAA's affirmative action programs and verified the continued existence of discrimination against women and minorities in the marketplace.

The 2008 Memphis Study conducted by NERA was comprehensive and in-depth. Six years of MSCAA prime contract and subcontract records were analyzed. In all, the study database of MSCAA spending included 399 prime contracts and 848 associated subcontracts with a total overall dollar value of \$426.4 million, and \$486.0 million in Concessions revenues. Revenue data was analyzed from MSCAA prime contractors; M/W/DBE and non-M/W/DBE subcontractors; sub-consultants; suppliers; and airport concessionaires. The entire 318 page 2008 Memphis Study is contained in the Committee's record. The Executive Summary is on study pages one through nineteen and attached for your review.

When statistical data, gathered and confirmed by NERA, was used to compare the availability of D/M/DBEs in the Memphis metropolitan statistical area ("MSA") to their utilization in MSCAA contracts, statistically significant disparities were evident for all minority groups.

Table C1, Overall Disparity Results- Construction, A&E, Services and Commodities, details these disparities by minority group and procurement category on page twelve of the attached Executive Summary with the overall totals as follows:

Table C1 Excerpt. Overall Disparity Results-Procurement

Procurement Category	M/W/DBE Utilization	M/W/DBE Availability	Disparity Ratio
All Procurement	17.07	33.76	50.6
Construction	18.69	27.99	66.8
Architecture & Engineering	13.88	34.32	40.5
Services	15.58	45.31	34.4
Commodities	6.53	32.31	20.2

Note: The Disparity Ratio represents utilization over availability.

The 2008 Memphis Study data demonstrated large, adverse and statistically significant wage disparities for all minority groups and for white women. Likewise, large, adverse and statistically significant business owner earnings disparities were observed. For example, although 19.4 percent of all firms in the Memphis MSA are owned by blacks, they earn less than one percent (.84%) of all sales and receipts. Study data also confirmed acutely large disparities for other minority groups and women in the Memphis MSA.

The interview evidence portion of the 2008 Memphis Study included a large-scale mail survey of both M/W/DBEs and non-M/W/DBEs, seven group sessions totaling 50 M/W/DBE and 31 non-M/W/DBE business owners, and one-on-one interviews with 81 business owners. The results of the surveys and interviews supported the 2008 Memphis Study's extensive statistical data and represented compelling evidence of the continued existence of discrimination in the marketplace. Even when compared to firms of like size and owner characteristics, M/W/DBEs in MSCAA markets were found to suffer discrimination in large numbers and statistically significantly greater frequency than non-M/W/DBEs.

In both survey and interview responses, the 2008 Memphis Study indicates that M/W/DBEs continue to suffer discriminatory barriers to MSCAA and other public and private contracts, including perceptions of M/W/DBE incompetence, being subject to higher performance standards, discrimination in loan and bond access, and paying higher prices for supplies. The survey results also revealed that M/W/DBE firms that have been hired in the past by non-M/W/DBE prime contractors to work on public contracts with M/W/DBE goals are rarely hired or even solicited to work on projects without goals.

The 2008 Memphis Study data demonstrates greater utilization of D/M/WBEs in Memphis airport contracts than that of the Memphis marketplace in general. Despite our best efforts, the 2008 Memphis Study demonstrates significant evidence of disparity in MSCAA contracting and procurement and Airport Concession activity, despite the presence of the DBE, BDD and ACDBE Programs.